

BasiCare Plus®

Turnover Reduction Study

In 2017 a study was completed to see if a simple benefit could improve labor costs concentrating specifically on employee turnover. We asked employees from three different franchise groups, to answer a series of questions. Those surveyed were regularly scheduled for 15 hours a week or more. We examined the answers to 1,876 respondents to provide the information presented in this document.

Here is what this population said about themselves

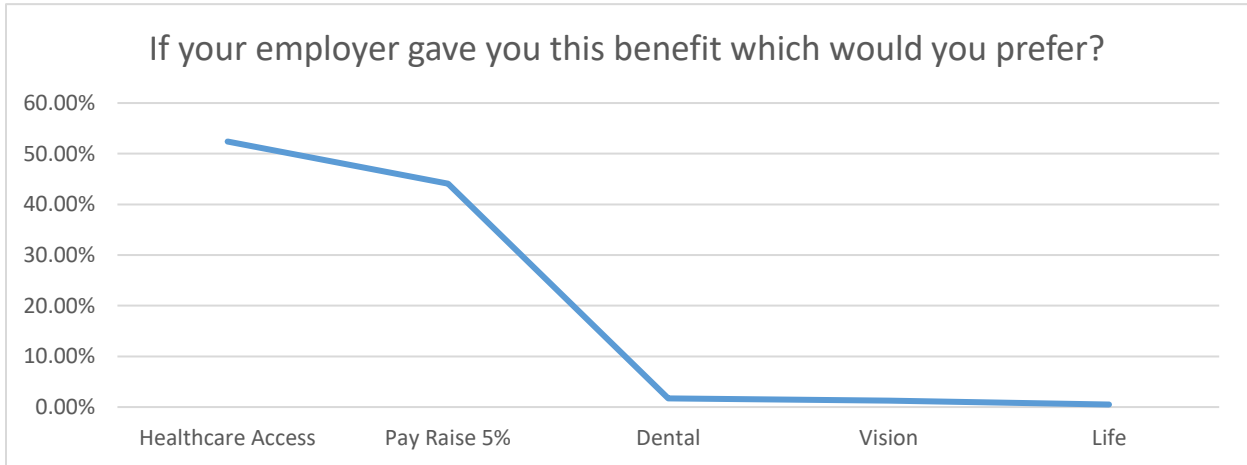
- Respondents were hourly wage earners with average hourly rate of \$9.03 per hour
- Average time on the job for this population was 9.2 months
- 68% indicate either no health coverage or limited subsidized health care
- 27% had dependent children
- Only 53% valued pay higher than location, flexibility and benefits
- Longest employed were over the age 26
- The overall employee pool average age was 30.3 years' old

In addition to the demographic data collected, we also asked the following:

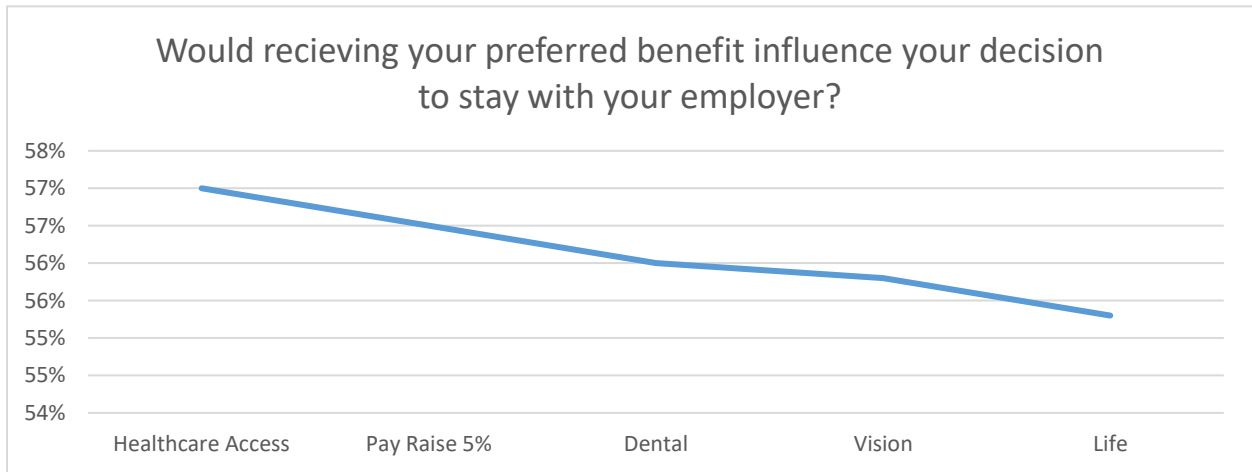
If your employer were to provide, at no cost, any of the following please rank in order your preference with 1 being most important and 5 being least important.

- **Dental** – Two free cleanings, single \$25 deductible with \$1,000 annual benefit
- **Vision** – Annual free exam, \$150 lenses and \$100 frame benefit
- **Life Insurance** – \$25,000 term life with AD&D
- **Healthcare Access** – 24/7 unlimited physician access (phone or video) with \$0 copay plus medications for many common illnesses at \$0 copay.
- **Pay Raise** - Increase of current rate by 50¢ (about 5%)

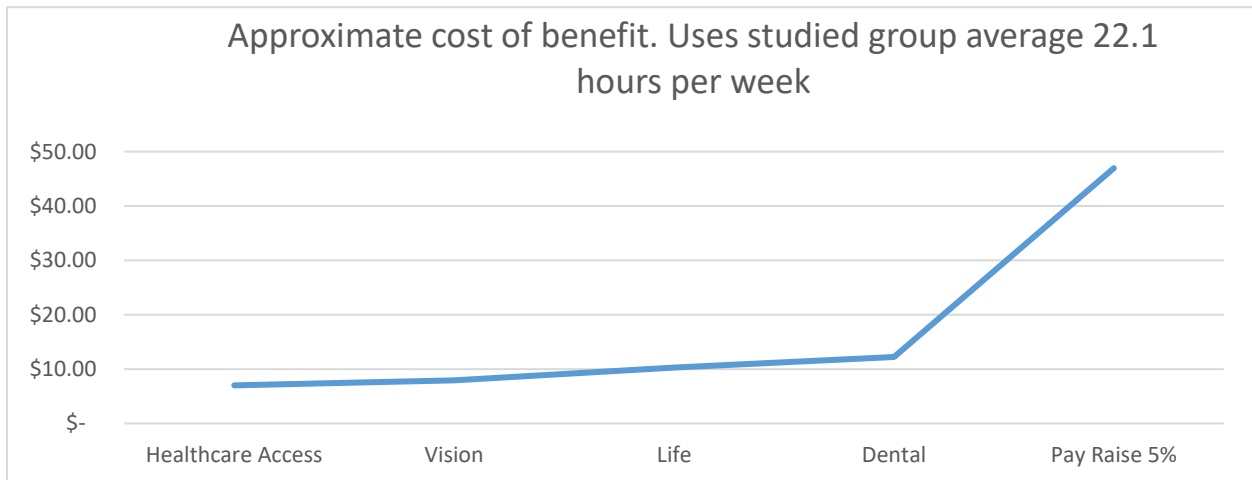
Here are the answers we recieved:



The benefit described as Healthcare Access was selected slightly higher than the raise with about half of the respondents choosing one or the other.



Responses indicate that a benefit alone impacts the decision to remain a little more than 50% consistently.



Illustrates the associated monthly cost to the employer for each of the offers.

The Cost Associated with Replacing an Employee

The employers participating in the survey indicated their internally calculated cost to train a new employee to a level of efficient profitable production is **\$1,826**. Furthermore, the average turnover rate for the studied locations was **83%**, which is slightly lower than published national averages.

Predicted outcome

The study shows that employees were close in their preference between the 50¢ raise and healthcare access and that the benefit alone would impact a decision to stay a little more than half the time for each category. Comparison of cost of the two benefits shows that the raise will cost the most and that the healthcare access will cost the least. To apply the responses to our studied groups we will use the provided turnover rates, 83%, and turnover costs of \$1,826. The prediction uses the group that selected healthcare access (52.4%) and discounts that number by 43% (those indicating that the benefit would not influence their decision to stay) leaving 29.86% of the group. The impact group was discounted even further by half using an assumption that the benefit would extend employment for an average of six months on average. The final number used for turnover reduction was, therefore, 14.93%

Illustration of Savings for an average studied location:

Average number of employees	82
Typical one year turnover (82 employees times 83%)	68
Cost of turnover (68 replacements times \$1,826)	\$124,168
Anticipate new turnover (83%-14.93% times 82 employees)	56
New turnover cost (56 employees times \$1,826)	\$102,256
Change in turnover cost	\$21,912
Cost of the program	(\$7,576)
Location net savings:	\$14,336

This study was performed over a period of three months (September – November) working with primarily counter-service restaurants. Each business provided a healthcare option for the employees that qualified and averaged less than 10% participation in the group benefit. This studied included all employees averaging 15 hours per week or more. During the three months of this study 368 employees were turned over. Only full responses to the survey were considered. None of the studied sites indicated seasonal adjustment in labor pool.

The target group is typically under or uninsured and is typically concerned with an acute illness more than hospitalization. Since this group struggles with both physician and medication cost the benefit provides for both. BasiCare Plus® described in the study provides phone and video access to physicians in the MDLIVE® network. Program includes the employee plus eight household members. There is no access cost or limitation to number or length of consults. The free medication formulary was developed over six years and provides a majority of the generic medications prescribed by telemedicine networks. The Rx benefit is accepted at ever major pharmacy, 65,000 plus locations, nationwide.